

CLIENT  
PORTFOLIO  
DATA

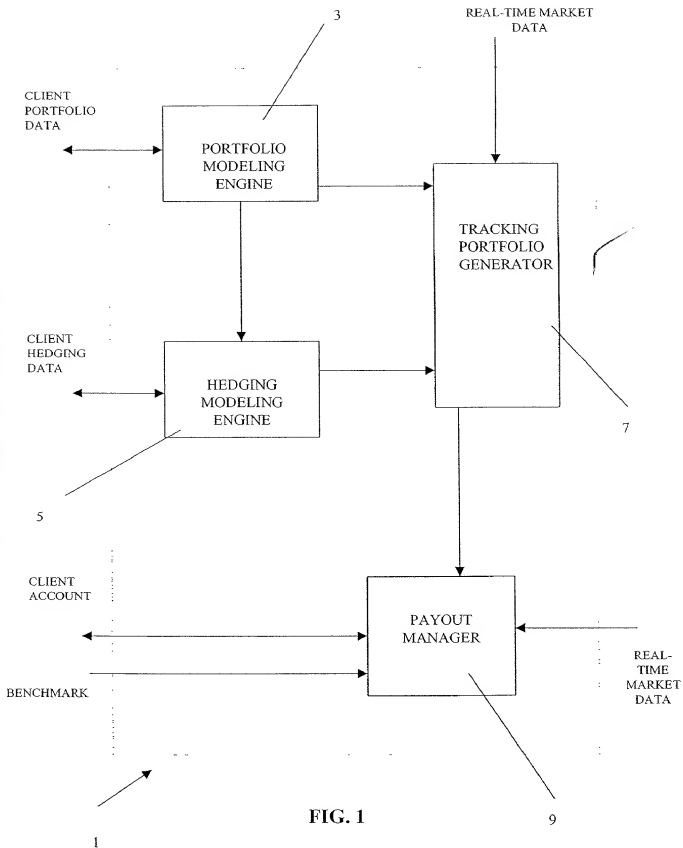


FIG. 1



RECEIVE  
PORTFOLIO  
FROM CLIENT

### Step 1

MODEL  
PORTFOLIO

Step 2

Step 2

RECEIVE HEDGING  
TRANSACTIONS  
FROM CLIENT

Step 3

### Step 3

MODEL CLIENT'S  
HEDGING  
TRANSACTIONS

### Step 4

### Step 8

UPDATE MODEL  
AND HEDGING  
PORTFOLIOS

Step 5

PERIODICALLY  
COMBINE MODEL  
PORTFOLIO AND  
HEDGING  
PORTFOLIO CASH  
FLOWS

### Step 5

Step 6

CALCULATE  
PAYOUT BASED ON  
TRACKING  
PORTFOLIO CASH  
FLOWS  
PAYMENT MADE

### Step 6

### Step 7

CHANGES TO  
PORTFOLIO OR  
HEDGING  
TRANSACTIONS?

YES

NO

FIG. 3

```

graph TD
    CPD[CLIENT PORTFOLIO DATA] <--> TM[TRANSACTION MANAGER 11]
    TM --> TPG[TRACKING PORTFOLIO GENERATOR 7]
    TM --> HM[HEDGING MODULE 15]
    TPG --> CFM[CASH FLOW MANAGER 13]
    TPG --> PM[PAYOUT MANAGER 9]
    HM --> TPG
    HM <--> CP[COUNTERPARTIES]
    CFM --> PM
    CFM --> CA[CLIENT ACCOUNT]
    PM --> BM[BENCHMARK]
    PM --> RTMD[REAL-TIME MARKET DATA]
    RTMD --> TPG
  
```

**FIG. 4**

FIG. 4

